

FHA Lender System Update

Lender Electronic Assessment Portal (LEAP)

Title I and II Consolidation
Recertification Timing and Process Changes



Agenda

- Overview and Key Dates
- Title I and II Consolidation
- Recertification Timing and Process Changes
- Lender Preparation
- Questions

What is LEAP?

- The Lender Electronic Assessment Portal (LEAP) is a new system that will become a one-stop shop for all Lender Approval and Recertification activities:
 - Managing institution and branch information
 - Performing other lender profile functions like cash flow account setup
 - Submitting requests and notifications that are currently manual processes
 - Completing the annual Recertification process
- LEAP will replace LASS and the Lender Approval and Cash Flow Account Setup sections of FHA Connection
- Lenders will access LEAP through FHA Connection and IPAs will access LEAP through HUD Secure Systems, just as they currently access LASS
- LEAP will provide lenders with a consolidated institution-level view of their FHA business across Title I and II insurance types

Key Dates

- Monday, 3/31/2014
 - Title I and II consolidation (Title I ID changes) go into effect
 - LASS unavailable for historical Recertification data
 - Online Application for new FHA lender approval unavailable
- Friday, 4/18/2014
 - Transition period for cutover from existing systems to LEAP begins
 - Lender Approval and Cash Flow Account Setup pages of FHA Connection unavailable (only emergency changes to institution and cash flow account data upon request)
- Friday, 5/9/2014
 - LEAP go-live
 - User functions formerly under Lender Approval and Cash Flow Account Setup pages of FHA Connection move to LEAP
 - Recertification process opens for lenders with a December 31, 2013 fiscal year end (also opens for all lenders with Jan/Feb/Mar/Apr 2014 fiscal year end)
 - Online Application for new FHA lender approval reopens

Title I and II Consolidation



What Changes is FHA Making ?

- FHA is consolidating Title I and II ID numbers for all lenders that share a common Tax Identification Number
 - Instead of separate FHA Lender IDs for Title I and II, each lender will have one 5-digit institution-level ID
 - All 10-digit branch IDs (including home office) for each institution will reflect this change
 - See Mortgagee Letter 2013-35 for details
- LEAP will provide a single institution-level view of each lender, including Title I and II “authorities”
 - FHA will continue to approve lenders for each authority based on specific requirements

Will Changes Impact You?

- A list of Title I IDs that will change as a result of the consolidation is available at hud.gov/lenders
 - Look for the “LEAP Information” link in the Lender Approval and Recertification section
- FHA notified all impacted Title I lenders directly via email

Consolidation Phase 1: ID Changes

- March 31, 2014: Title I IDs (5-digit) will change to match either the lender's Title II ID or a Net New ID
 - All corresponding 10-digit ID changes will also take effect
- All lender profile information and loan history for existing Title I IDs will be transferred to the new IDs, including:
 - Active/inactive/in-process loans
 - Reserves
 - Merger history
 - Cash flow account numbers
 - FHA Connection users

Consolidation Phase 2: Other Data

- May 9, 2014 (LEAP go-live): Additional data will be consolidated in LEAP to reflect a single institution view for each lender across Title I and II
- Examples include:
 - Corporate Officers – consolidated list from each current ID
 - Full-Time Officer – current Title II remains
 - EFT Account Numbers – current Title II accounts
 - Historical approval dates – oldest date survives

Home Office Details

- March 31, 2014: Title I home office ID (10-digit) will change to match the current Title II home office
- May 9, 2014 (LEAP go-live): All home office address information – including “attention” lines and administrative contact info – will change to match the current Title II home office address information in LEAP
 - Lenders who would like to maintain the current Title I home office address *as a branch* must submit a request to the Lender Approval and Recertification Division

Recertification Timing and Process Changes



Recertification Timing

- Mortgagee Letter 2013-42 speaks to temporary Recertification timing changes due to the transition to LEAP
- Lenders with a fiscal year end of November 30, 2013 were the final cohort to use FHA Connection and LASS for Recertification
- Lenders with a fiscal year end of December 31, 2013 and later will complete all Recertification steps in LEAP
 - Extensions for lenders with a December fiscal year end are automatic
 - FHA will process manual extensions for lenders with a January or February fiscal year end
- All lender and IPA access to LASS will be shut off as of March 31, 2014
 - If historical LASS Recertification data is needed after March 31, lenders and IPAs must contact the FHA Resource Center with specific requests

Recertification Timing

Fiscal Year End	Recertification Due Date
December 31, 2013	June 9, 2014*
January 31, 2014	
February 28, 2014	
March 31, 2014	June 30, 2014 (back to normal schedule)
Etc.	90 days after fiscal year end

*Per ML 2013-42, the Recertification due date is extended until 30 days after LEAP go-live

Recertification Change Overview

- LEAP will replace existing Recertification steps in LASS and FHA Connection, which will result in changes to the Recertification process, including:
 - Annual certification changes
 - Financial reporting segments
 - Lender data entry changes
 - IPA attestation changes

Annual Certification

- Unable to Certify process:
 - LEAP will allow lenders to indicate which specific certification statements they can or cannot complete
 - Lenders that are unable to certify all statements will upload supporting documents into LEAP for FHA review
- Limit on Corporate Officers with Certification Authority
 - There will be a *maximum of 3 users with annual certification authority* for each institution in LEAP
 - For lenders with both Title I and II authority, this maximum will apply across the entire consolidated institution
 - FHA Connection Application Coordinators will continue to assign annual certification authority to specific users, who must be Corporate Officers

Financial Reporting Segments

- Financial reporting requirements for each of the groups – or “segments” – below are outlined in Chapter 7 of the OIG Audit Guide:
 - Non-Supervised
 - Large Supervised
 - Small Supervised
 - Investing
- LEAP will use each lender’s institution profile and financial data from the prior fiscal year to assign it to the correct segment
- Audit Related Questions (ARQs) and Financial Data Templates (FDTs) in LEAP will be tailored for each segment
- **Process change:** Institutions identified as Small Supervised lenders will be required to submit financial documents and data through LEAP (see Mortgagee Letter 2012-29 for more detail)

Lender Data Entry

- Audit Related Questions (ARQs) and Financial Data Templates (FDTs) are streamlined in LEAP – they only include line items that *FHA needs to support evaluation of a lender's financial standing*
- Updated, on-screen definitions for each line item will add clarity on what information FHA expects
- **Process change:** Only lender users (with an “M” ID number in FHA Connection) will be able to complete ARQ and FDT data entry in LEAP
- ARQ and FDT tools for each segment are available on hud.gov/lenders to aid IPAs and lenders with LEAP data entry and document upload
 - Auditors should use the FDT Tool to generate a hard copy FDT for those lenders that are required to provide audited financial statements as a component of their annual recertification

IPA Attestation

- The lender's Independent Public Accountant (IPA) will continue to complete the Agreed Upon Procedures (AUP), or attestation, for audited financial data entered into LEAP
- IPAs may use the Financial Data Template (FDT) tool to generate hard copy FDTs for comparison to lender-entered data while performing the attestation in LEAP
- IPA attestation will not be required for small supervised lenders

Lender Preparation



LEAP Transition Period

- April 18 – May 9, 2014: Transition period for HUD/FHA system cutover and data conversions
- During this time, lenders will not be able to make changes to any institution or branch profile information, including:
 - Branch/regional managers
 - Addresses and other contact information
 - Administrative contacts
 - Branches additions/terminations
 - Principal/authorized agent relationships
 - Cash flow and EFT account numbers
- No impact on loan processing

What Do Lenders Need to Do?

- Prior to March 31:
 - Finalize any necessary system or process changes to accommodate new Title I IDs
 - Lenders and IPAs are encouraged to get any necessary historical LASS Recertification data directly from LASS
- On March 31:
 - Impacted Title I lenders should verify that new lender IDs accurately inherited institution profile information, insured loan portfolios, reserve balances, cash flow accounts, and historical data
 - FHA Connection users – including IPAs – for impacted Title I lenders should verify that their access and authorities were maintained

What Do Lenders Need to Do?

- Prior to April 18:
 - Review and update existing institution profile information in FHA Connection
 - Review and update corporate officers, branch managers, and regional managers
- Notification of corporate officer changes must be sent to the following address:

U.S. Department of Housing and Urban Development
Office of Lender Activities and Program Compliance
Attn: Director, Lender Approval and Recertification Division
451 7th Street, SW Room B-133/P3214
Washington, DC 20410

What Do Lenders Need to Do?

- After LEAP Go-Live:
 - All lenders should confirm the accuracy of their institution profile information in LEAP
 - Lenders with a fiscal year end of December, January or February must complete all Recertification steps in LEAP within 30 days

Outreach

- Additional information will be posted and updated on our website at hud.gov/lenders
 - Look for the “LEAP Information” link in the Approvals & Renewals section
- Lenders may contact the FHA Resource Center at any time
 - 1-800-CALL-FHA or TTY: 1-800-877-8339
 - answers@hud.gov

Questions?

